



Standard Life Japanese Equity Manager of Managers Fund

Quarterly Report 1 January to 31 March 2008

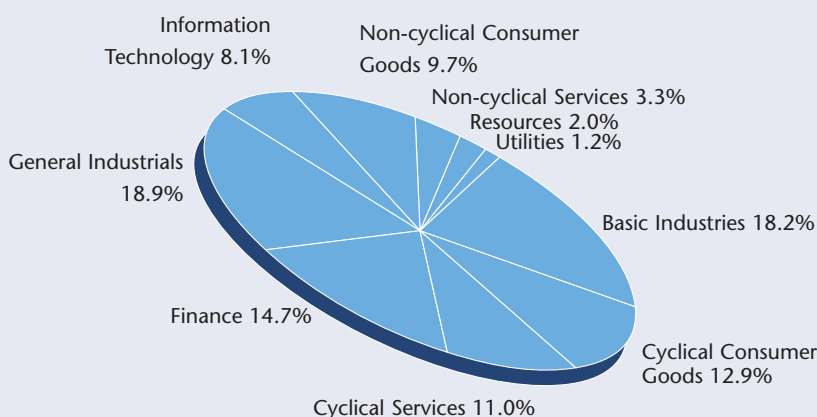
Fund Profile

The objective of the fund is to provide capital appreciation, investing in an actively managed portfolio of mainly Japanese equities. Wilshire Associates researches and selects a number of Japanese equity fund managers with a view to blending managers with differing investment styles and market capitalisation biases. Wilshire monitors the selected managers to ensure a continued performance contribution over the market cycle in line with the manager's investment philosophy and process. Managers can be replaced if evolving organisational, personnel or other qualitative factors are likely to impact on the ability to achieve the benchmark objectives. Diversification across differing fund manager philosophies allows investors to mitigate exposure to any one manager style. The aim is for the annualised investment performance to exceed the MSCI Japan Index over rolling three-year periods.

Composition of the Portfolio

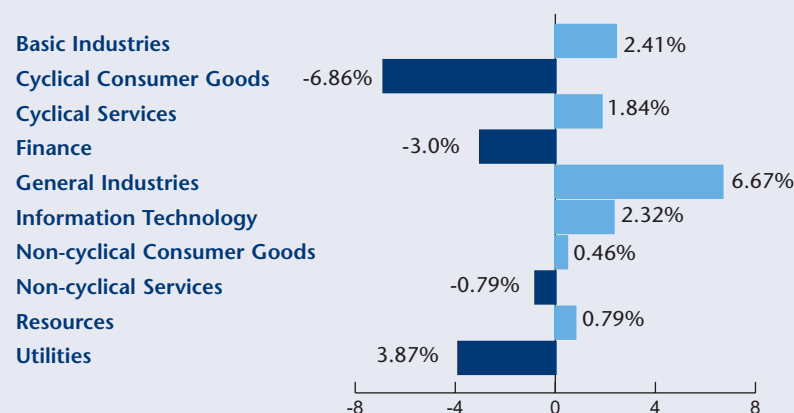
as at 31 March 2008

Economic Breakdown



Sector Positions Relative to Index

as at 31 March 2008



Launch Date	15 March 2004
Benchmark Index	MSCI ^{MS} Japan Index
Lead Portfolio Manager	Wilshire Associates
Sub-portfolio Managers	New Star Nomura
Total MoM Funds Under Management	£360.12m

Largest Ten Holdings	%
Assets in largest ten holdings	25.5
Toyota Motor	4.7
Mitsubishi Financial	3.5
East Japan Railway	2.8
Japan Tobacco	2.5
Mitsui Fudosan	2.3
Mitsui	2.2
Fanuc	2.2
Sumitomo Mitsui	1.8
Komatsu	1.8
Takeda Pharmaceutical	1.7

Market Cap Breakdown	%
FTSE Large Cap	78.2
FTSE Mid Cap	20.4
FTSE Small Cap	1.4

Investment Review & Outlook

Market Overview

Concerns over the global economic outlook and credit markets had a negative impact on the Japanese market during the first quarter. Despite relatively low exposure to western financial markets, Japanese equities were nonetheless depressed by the ongoing liquidity crunch. Some Japanese banks, such as Mizuho Financial and Mitsubishi UFJ, cut earnings estimates on the back of mortgage losses, although these accounted for only a fraction of global writedowns. The weakening US economy was also a concern, given its importance as a source of demand for Japanese exports. Higher raw material costs and the strength of the yen against the dollar also negatively impacted export-related sectors, with a number of companies reporting downward revisions or dividend reductions.

On the economic front, data releases showed that the Japanese economy grew by more than originally forecast during the final quarter of 2007.

Market Overview (continued)

Exports also unexpectedly rose in February, with strong demand from China and other emerging economies compensating for softening US orders. However, a Ministry of Finance report showed that corporate earnings have fallen, providing evidence that higher input costs are beginning to bite. While central bankers around the world took strong action to contain the worsening credit crisis, Japan's ability to do likewise was constrained by a political stalemate over the appointment of a new Bank of Japan governor.

Activity

Nippon Telephone & Telegraph was purchased on the basis of valuation and a belief that telecoms is a favoured sector during recession, providing a safe haven. Shiseido, a cosmetics company, was purchased as a defensive position given the current economic environment. Sumimoto Metal Industries was purchased on the basis of growth coming from the strong demand for seamless pipes.

Activity (continued)

JFE Holdings, a large Japanese steel producer, was sold for profit following the global rise in steel prices. Taiheiyo Cement, a large cement production company in Japan, faces higher costs due to rising coal prices, prompting its sale. Shares of Nidec Sankyo, a Japanese industrial company, were sold in order to reduce individual stock risk.

Outlook

The Japanese market is attractively valued, both on an historic basis and compared with other markets. This reflects fears of a slowdown, as well as concerns on Japan's ability to deal with structurally higher input costs. Renewed growth in the US is a primary catalyst for Japan to move forward, but with no Japan-specific triggers, the market could continue to drift.

Performance Commentary

The Japanese Equity Manager of Managers Fund struggled to keep pace with the benchmark in difficult trading conditions. In the consumer discretionary sector, the Fund held Yamaha Motor, which detracted due to a stronger yen, along with slower demand from US consumers. In the consumer staples sector, the main detractor was Japan Tobacco, although the retreat had no obvious trigger. The Fund's underweight position in utilities detracted as that was one of the best performing sectors.

Fund Performance

1 Apr 07 – 31 Mar 08	1 Apr 06 – 31 Mar 07	1 Apr 05 – 31 Mar 06	1 Apr 04 – 31 Mar 05	1 Apr 03 – 31 Mar 04
-17.3%	-15.7%	45.2%	-	-

	Japanese Equity MoM Fund	Benchmark Index	CAPs Japan
1 Year	-17.3%	-15.7%	-17.1%
3 Years	0.4%	4.8%	2.1%
Since Launch	1.3%	4.9%	-

Figures quoted are calculated gross of charges and on a bid to bid basis over the stated periods to 31 March 2008.

Source: Russell/Mellon CAPS and Standard Life Investments. Past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Investment Market Line

If you would like more details on our current market views please call:

0845 60 60 062